CESSNOCK CITY COUNCIL SUBMISSION

In response to the
Standing Committee on Industry, Innovation
Science and Resources

Inquiry into

"How the mining sector can support businesses in regional economies"

August 2018

Introduction

The Cessnock City Council (CCC) welcomes the opportunity to provide a submission in response to the Standing Committee on Industry, Innovation Science and Resources Inquiry into– "*How the mining sector can support business in regional economies.*"

In recognition of the importance of this Inquiry in seeking strategies and solutions into how the mining sector can support businesses in regional economies, the CCC provides the following submission for your consideration.

Overview – The Hunter Region NSW
The Hunter Region is Australia's largest regional economy, with an economic output of over $99.157 billion pa.[1] The ABS 2016 Census estimates the population for Hunter Region at 707,666 people, up 6.1 percent from 2011. The region is situated on Australia's main east coast transport corridor. It has sophisticated infrastructure, international gateways including an airport and the third largest deep see port in Australia. Comprising of 10 local government areas, divided into the Upper Hunter and Lower Hunter sub-regions, the Hunter is the fastest growing region in NSW outside of the Sydney Metropolitan area.

Cessnock City Council LGA
Cessnock Local Government Area (LGA) covering an area of approximately 1,950 square kilometres sits within the heart of the Hunter Region and is home to Hunter Valley Wine Country. Cessnock LGA is in the Lower Hunter along with Newcastle, Maitland, Port Stephens and Lake Macquarie LGAs. Together these LGAs comprise the greater urban area of Newcastle with this area having the potential to accommodate more than 160,000 more people within the next 25 years.

Cessnock LGA is located 153 kilometres north of Sydney, 50 kilometres west of Newcastle and 27 kilometres south west of Maitland. Cessnock LGA is highly accessible by road from Sydney, Newcastle and the New England area. The LGA is within 35 minutes of the Port of Newcastle and 50 minutes of Newcastle Airport. The LGA has rail connections to both the Port of Newcastle and to Sydney.

From 2011 to 2016 the usual resident population of Cessnock increased by 8.5% from 50,840 people to 55,567 people. Based on the 2016 Census, there were 22,525 households in the region. Cessnock's population is on the rise and the LGA ranked with the 16th highest rate of growth in NSW between 2006 and 2016, following our neighbouring Hunter population centre of Maitland with 24.9% and ranked 8th in NSW[2].

[1] ABS 2013 / 2014 National Input Output Tables, ABS June 2016 Gross State Product (REMPLAN)
[2] Regional Population Growth, Australia, 2016 (ABS cat. no. 3218.0)

ABS data shows that Cessnock LGA experienced 19.7% growth in population over the ten years, NSW only experienced 15.0%, and Australia 18%. Cessnock LGA's growth between 2006-2016 was at a higher rate than Greater Sydney with 18.2% and the rest of NSW 9.0%.

The Hunter Regional Plan (2016) establishes the NSW Government's vision for the region, and identified the potential for 6,350 additional dwellings for Cessnock LGA by 2036. The plan also projects an additional 13,150 people and a need for 6,592 additional jobs. The Hunter Regional Plan advocates for the strategic locations of both Cessnock and Kurri Kurri as regionally significant centres and employment land clusters.

Snapshot of Cessnock Local Government Area

- As at December 2016, the Gross Value of Product for Cessnock LGA was $2.489 Billion. Whilst Rental, Hiring and Real Estate had 18.9% of the Value Add, the Manufacturing sector also represented a high 13.6% of the total Value Add. This was followed by Mining with 10.0% of the Value add and Construction 9.2%. When modelled individually the Tourism sector ranked 5th on the Value Add with 8.9% contribution that includes over 150 wineries and cellar doors supporting 2,811 jobs.

- As at December 2016, the total output of gross revenue to the region's economy was $5.828 Billion. Manufacturing was the most important sector, contributing 31.5%, Construction 11.9%, Rental Hiring and Real Estate Services 10.9%, and Mining 10.3%. Accommodation and Food Services attributed 6.7%, and when modelled individually the Tourism Sector represented 8.5% of the gross revenue in the Cessnock LGA.

Economy

Cessnock's Gross Regional Product shrunk by 6.8 % during the period between July 2014 and August 2015 ($2,475.714) and only recovered in December 2016 having stabilized back to $2,492.366 million at June 2018 figures. REMPLAN data reveals during this period, Mining continued to retract across all key economic indicators in the LGA including output, wages and salaries, local sales and regional exports. Notably, the LGA's total value added for mining decreased by 54.98% between July 2014 ($434.314 million and June 2018 ($195.531 million) a drop of $238.783 million. The Mining sector contributes $437.372 million (24.5%) of total regional exports in June 2018.

Key Propulsive Sectors

Key propulsive sectors are sectors amongst the top contributors to the economic activity in relation to backward linkages, exports, employment and value-added and those to which can provide greatest opportunities to optimize the local economy. Somewhat counterintuitively, and disturbingly, REMPLAN's analysis of the Cessnock

LGA economy provides that the Mining sector's position as a significant position as a significant key propulsive sector has increased between July 2014 and June 2018, rising from fifth to fourth position, and Manufacturing rising from four to the number one position. It is troubling that a declining Mining sector still ranks as key to the local economy, added to the troubles experienced by significant job and industry losses in manufacturing which has moved into the top key sector position.

Below are the top five key propulsive sectors in the Cessnock LGA, as at June 2018:

1. Manufacturing
2. Accommodation & Food Services
3. Construction
4. Mining
5. Health Care and Social Assistance

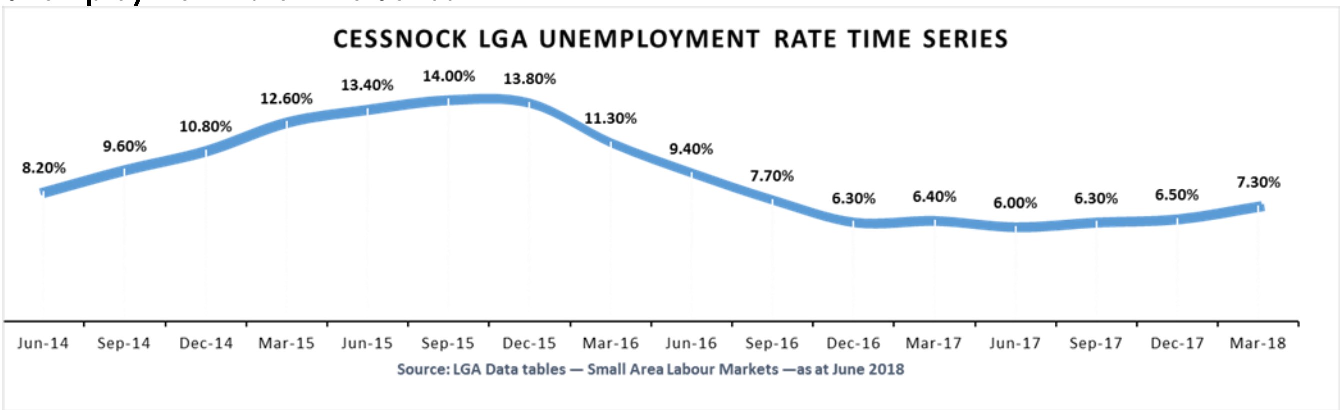
Industry
Cessnock LGA's top five value added industries are, as at June 2018

1. Rental, Hiring & Real Estate Services ($423.304M, 19.0%)
2. Manufacturing ($241.686M, 10.8%)
3. Mining ($195.531, 8.8%)
4. Accommodation and Food Services ($179.541, 8.0%)

Employment
The mining downturn has hit the Hunter region hard with more than 2,500 Hunter miners losing their jobs in the past few years. Cessnock LGA's unemployment rate spiked significantly since June 2012, rising more than 10% to 14.4% as at September 2015.

This high unemployment rate can be explain in part by successive mine closures and the loss of some high employing companies such as the Hydro Aluminium Smelter and the Abel mine operations in Beresfield remaining tenuous.

Unemployment Rate Time Series



Youth Unemployment
Youth unemployment is also a major issue nationally and locally. For the Hunter Region, outside of Newcastle, youth unemployment in 2015 had risen to 21.8% and was the highest in NSW, according to figures released by the Australian Bureau of Statistics. It has now been smoothed by other factors including seasonality and increasing under-unemployment (unmeasurable), causing what appeared to be an under calculation of 10.7% in January 2018 and has now risen to 13.2% at June 2018.

Underemployment
Unemployment data distorts the view on the under-employment crisis. Unemployment rates tend to be connected to cyclic industrial booms and contractions within the economy and under-employment reflects more part-time jobs in the workforce.

Many Australians who participate in the workforce on a casual or part time basis may be under-employed. Whilst unemployed individuals cannot be counted towards the official unemployment rate, under-employed persons may be unable to get a permanent or full time job, or get the numbers of hours they need or want.

According to the latest ABS figures the under-employment rate had risen fro m176,000 in the late 1970's to 1.1 million. Sydney University's Professor John Buchanan says Australia has one of the highest levels of part-time work anywhere in the Organisation for Economic Co-operation and Development (OECD) forum of 35 countries.[3]

This issue is compounded by our largest employing sector, tourism, being seasonal and largely casualised without formal professions driving skill bases. The alarming statistic of up to 14% unemployment from September 2015 may no longer be recorded for our region, but a vast proportion of the 'employed' individuals counted may only have 4 hours work. To be classified as unemployed, a person needs to meet the following three criteria:

1. Not working more than one hour in the reference week;
2. Actively looking for work in the previous four weeks; and
3. Be available to start work in the reference week.

Therefore under-employment is skewing/smoothing the unemployment rates and hiding a potential crisis particularly for young people.

Mining
A study undertaken by BHP Billiton in 2011 into mining impacts and community sustainability in the Hunter Region, reported that Singleton, our adjoining LGA

[3] Sydney Morning Herald – 20 March 2017

neighbour was the least diverse local government area economy in the Hunter Region (based on ABS data). This is a threat to the sustainability of the Hunter Region economy as it is less resilient to change. So while mining is a major contributor to the local economy, the lack of industry diversity may reduce the economy's long-term resilience once mining ends.

Tourism
The Hunter Tourism Region attracts approximately 2.3 million visitors per year, of which 1.4 million visit the Hunter Valley Wine Country.[4] Wine Country is one of the highest profile wine destinations in Australia, with Pokolbin being the focal point for wine tourism within the Region. The area is also known for high profile entertainment, concerts and events with a range of attractions and activities that bring non wine visitors into the area.

Socio Economic Issues Affecting Cessnock LGA
- 39.7% of Cessnock's population earns less than the minimum weekly wage (NSW 36.1%)
- Cessnock has 2,100 jobless families equating to nearly 1% (0.82%) of Australia's jobless families;
- HSC completion rate is 38% (national rate is 69%);
- Poor health indicators; and
- 25% of working age population on benefits.

Socio-economic Disadvantage
Cessnock LGA's suffers from socio-economic impacts, mainly due to the long term legacies from post mining. The following reflects the LGA's position according to the Socio-Economic Indices for Areas (SEIFA) rankings for Cessnock according to the 2016 Census.

The following represents how Cessnock compares with other Councils in NSW and in the Hunter Valley under the four indices of SEIFA:

1. Index of Relative Socio-Economic Disadvantage
Cessnock ranks in the bottom 30% of the 129 NSW Councils identified in the 2016 Census for the purpose of the SEIFA.

Under this index, in NSW, there are 96 identified regional LGA's, of which Cessnock ranks a very low 87 out of the 96 (bottom 10%) indicating high levels of disadvantage.

When compared to other LGA's in the Hunter Region, Cessnock is well below all other LGA's, and particularly when compared to adjoining LGA's, for example, Singleton ranks 16th out of 96, Dungog ranks 18th out of 96 and Maitland ranks 24th.

[4] Wine Country area is defined as Cessnock LGA and Singleton LGA

2. Index of Relative Socio-Economic Advantage and Disadvantage
Cessnock and Mid-Coast Councils share the lowest score and ranking of all Hunter LGA's indicating they have higher levels of disadvantage and lower levels of advantage. They are placed in the bottom 16% of the 129 NSW Councils under SEIFA.

In comparison with adjoining Councils in the Hunter Region, Singleton ranks in the top 70% with Dungog, whilst Maitland ranks at 60%.

3. Index of Economic Resources
From the Councils in the Hunter Region, Cessnock rated 2nd lowest on par with Muswellbrook and placed in the bottom 40% of Councils in NSW. Mid-Coast ranked 1st within the bottom 30% across NSW.

Singleton, Dungog rank in the top 90% of all Councils, whilst Maitland followed closely ranking within 80% in terms of economic resources.

4. Index of Education and Occupation
Cessnock has the lowest scores and ranking of all Hunter LGA's with Muswellbrook, indicating many households with low education levels and many people in unskilled occupations. Cessnock is placed in the bottom 4% of NSW in terms of Education and Occupation and ranks in the lowest of all LGA's in NSW in this index.

Singleton, Dungog and Maitland are all ranked 25% against other LGA's in NSW.

Mining Legacy
It is well documented that mine closures are often devastating for local communities with high levels of long term unemployment, poverty, social exclusion and a decline in community resources. This is especially so in remote or regional areas where mines are the mono-industry. Owing to the high level of dependency on the mine there may be a lack of both entrepreneurial tradition and experience in a mining town. Further, due to the relative prosperity of mining towns and the support provided by the mine, local government might be less pro-active in community development than when mines are not present. This is further exacerbated that when mines close, those community members who are most able to mobilise community action and support local development, are those that are most likely to leave the town as the mines close.

Whilst previous mining leases were issued by state government subject to conditions that companies support the financing of local community infrastructure, there was little, if any, support for future social or economic outcomes that would ensure the long term economic and social resilience of LGA's.

With over 100 years of mining in the Cessnock LGA, there is a recognition that with this extensive period of resource extraction has come a substantial legacy. As a result, the legacy of the post mining booms are the long term impacts that have curtailed the economic prosperity of the Cessnock LGA, impacted the ability of the Council to cope with infrastructure requirements, as well as instigated long term negative social impacts.

Terms of Reference

a. **The appropriateness of the payment terms offered to businesses by the mining sector; and**

f. **The role of mining equipment, technology and services (METS) organisation in R&D and innovation and how payment terms impact on companies' ability to invest in these areas.**

Cash flow is the life blood of all businesses. With the massive positive financial results being reported by the mining sector, it is shameful that terms of payments from some mining companies still remain at 60-90 days. It is totally inappropriate for these large multi-billion dollar companies to exceed a maximum of 30 days payment terms, particularly for small business enterprises.

Indeed, it is well documented the mining downturn in 2015, saw mining companies in 2016 carry out severe belt tightening across the board, with some extending their payment periods in an effort to control costs. This decision left mining sector suppliers and contractors in a perilous situation to fill these new, yet ever widening gaping financial holes. In effect, these companies were shifting some of their financial burdens onto their suppliers.

More disturbing, is that under state laws, construction contracts have to be paid within 50 days however the resources industry has exemptions.[5]

A survey undertaken late 2016/2017 of hundreds of mining and associated service companies found they are being crippled by the long time it takes to get paid for their product or services, being owed almost twice that of other similar sized businesses.[6]

This is further exacerbated, with around 50 per cent of all Small Medium Enterprises (SME's) suppliers to the mining sector have no strategy in place to manage their company's cash flow. As well, many of these small businesses become totally reliant on these mining contracts and cannot afford, or able, to cancel these mining contracts based on fear of their business closing down.

The negative impact of late payment on small businesses can have disastrous results including:

1. Inability to grow their business;

[5] Dun & Bradstreet's Trade Payment Analysis 2014
[6] The Invoice Market, 2017

2. The need to source alternate bridging finance to mitigate the impact of extended trading terms;
3. Passing on extended payment terms to their own creditors, creating a negative domino effect on supply chains;
4. Large mining companies having the benefit of earning interest and/or utilisation of monies owed to small business;
5. Inability to meet wages and salaries and other legislative requirements such as superannuation payments;
6. Inability to allocate capital and resources to research and development, and critically innovation, which has been the mantra of mining companies as part of being considered for procurement. This situation is not just during downturns in the industry, but as an ongoing and regular activity of their business.

Recommendations:
That is be legislated that any supplier to the mining sector that meets the accepted definition of a small to medium sized enterprise must only have a maximum payment term of 30 days. Any breach by the mining sector to incur:

1. Substantial financial penalties, without the right of appeal;
2. All legal costs to be borne by the mining company; and
3. Cancelled contracts by the mining sector of the SME's due to any payment complaints by that SME, incur full payout of the existing contract irrelevant of whether goods and services are provided by that SME.

b. Best practices between the mining sector and businesses, especially in regards to how they can support regional communities and economies.

In determining what is best practice between the mining sector and regional businesses, it is primary to define the term "region" and the interrelationships between regions and what is included in the regions) and metropolitan areas of Australia. There is generally no consistent label, even amongst governments of defining what is classified as "regional", "rural" or "remote." This is because regions and their distributive resources, connectivity, access, infrastructure and population densities all differ across Australia.

The Australian Standard Geographic Classification - Remoteness Areas (ASGC-RA) is a geographic classification system that was developed in 2001 by the Australian Bureau of Statistics (ABS), as a statistical geography structure which allows quantitative comparisons between 'city' and 'country' Australia. The use of ASGC-RA replaced the earlier Rural, Remote and Metropolitan Areas (RRMA) and Accessibility/Remoteness Index of Australia (ARIA) classification systems.

An example of the inconsistencies of what is considered "regional" and distributive injustices of government services is in the accessibility remoteness index of Australia (ARIA) which cites our townships of Weston - Kurri Kurri as "Major Cities of Australia".

Under this system Kurri Kurri townships were omitted from receiving opportunities in accessing critical additional health services, despite still only having maximum populations of under 12,000 people. Neighbouring major regional centre Cessnock was classified as "Inner Regional".

Generally, regional areas may lack entrepreneurial investment in critical infrastructure taken for granted in major capitals. Unless regions have incurred opportunities to leverage private investment, retain and sustain industries that remain productive, or are able to capture resilience through diversification of economy; many have experienced decline. Cessnock City is one which faces major social and economic devastation under post-mining legacies combined with a lack of investment in critical infrastructure to support diversification and sustain industries into the future.

Cumulative Impacts

In most States, the State Government decides if complex and important private and public projects require whole-of-government management, and the conditions under which those projects may proceed. The State governments assesses social, economic and environment factors including the cumulative impacts of multiple projects, to achieve a balanced and sustainable outcome. However, Council would argue that the cumulative impacts of projects are not taken seriously by proponents with very little, if any, cumulative impacts assessments undertaken by proponents, as evidenced in previous Environmental Impact Statements.

Council believes the cumulative impacts is a very major concern, particularly when considering those mining affected regional local government areas. In fact, Council believes it is the cumulative impacts that should be one of the major assessment criteria for project approval, with a regional approach taken as to how proponents will implement best practice in assisting local businesses to become mining sector suppliers as an opportunity, and not as threat to the ongoing viability of these businesses.

Therefore, it is Council's opinion that **all** projects large and small should be assessed on cumulative impacts, particularly for the development and implementation of social impact strategies that affect communities and businesses. These strategies, need to have a clear pathway for mitigation in the long term health and wellbeing of these regional communities, without tokenistic statements or "make good" provisions.

These strategies also require to take into account Community Impact Agreements, Currently, major project proponents are required to set up Community Consultative Committee's that not only operate in isolation from each other, but are time and resource consuming on the local council and communities. They do not take into consideration a regional approach and can overlap.

It is well documented, that mine closures are often devastating for local communities' with high levels of long term unemployment, poverty, social exclusion and a decline in community resources. This is especially so in remote or regional areas such as Cessnock where mines have been the mono-industry. If taken from a regional view, there will be greater economies of scale to achieve longer term, more enduring outcomes for the whole region and critically for post mining legacies.

Recommendations

1. That cumulative impacts are taken into consideration, in the development and implementation of regional strategies for the long term sustainability and resilience of the region taken into consideration;
2. That funding from projects in a region be combined in amounts that will mitigate negative impacts on local businesses and communities in the long term, and critically to the level that will support mitigation of post mining legacy impacts.

c. Barriers to the greater use of regional businesses in the procurement of services by the mining sector.

d. Building the skills and expertise of businesses to leverage opportunities in the mining sector.

e. Opportunities for businesses to diversify to other markets; including the mining industry in Australia and overseas and across different industries.

The presence of mining brings advantages and challenges. It provides employment opportunities, supports local supply chains, and, in the contemporary context it contributes to the skilling and professionalization of those employed within the sector. A blue collar workforce is provided with significant wage opportunities which in turn are spent in the local economy. However, the advantages of mining are finite, just like the resources that drive the sector. Unfortunately, the challenges are not.

For small businesses located in mining impacted regions, there are many barriers to grasp the opportunities that can be offered by the presence of mining.

Local Procurement

One of the greatest barriers for greater use of regional businesses in the procurement of services by the mining sector is the definition of Local Procurement. Local Procurement is defined as the whole of Australia and New Zealand wide. Council believes Local Procurement should be defined as local government area of the project in the first instance and then further afield if local businesses cannot supply.

In pre-Environmental Impact Statements, discussions with Council, there have been verbal agreements around working with Council to engage with local businesses, however, projects and programs have been undertaken without any ongoing Council input and therefore do not necessarily achieve regional wide long term sustainable outcomes and/or engagement of local business.

A further barrier for local businesses to supply the mining sector, is the stringency around local businesses to meet the requirements of the mining sector, particularly in the areas of:

1. Work, Health & Safety
2. Financial capacity
3. Capability
4. Insurance
5. Capacity to deliver.

Many small businesses do not have the capacity to employ experts, in key areas that is demanded by the mining sector. Further, they do not have the financial capacity, assets or backing to operate as a larger business is able.

Recommendations:

1. That "Local" procurement be defined in levels for the purposes of mining projects, with the first level being the local government area being the primary level for procurement consideration. This Local procurement be reported to both local and state government and state government to ensure clear transparency that proponents are supporting "local" businesses.
2. That the mining sector contribute to an education and training fund that funds local small businesses to undertake and acquire critical support that enables them to be mining sector supplier competent and capable.
3. The standards set for this level of education and training, must include such 'recognised' competencies that would allow these small businesses to provide their goods and services to other markets, including the mining industry across all Australia and overseas, and across different industries.
4. Training provided must also include planning to understand cash flow and what alternative measures businesses can put in place to counter extended payment terms or delays in payment, whether contracted to the mining sector or not.
5. This small business education and procurement ready fund needs to be financially able to provide support for an acceptable number of businesses within the local region of the mining project.
6. Further, these small local businesses must be given first offer to provide their goods and services to the mining sector in their region. In addition, it must be stipulated in the EIS that an accepted percentage of "local" businesses MUST be provided with procurement opportunities.

g. How the Federal Government can support businesses in regional economies benefit from mining development.

h. How royalties are shared between landholders on gas fields and State and Territory Governments.

Royalties are levied to ensure that state and territory governments, representing the people of the states and as owners of the minerals, are compensated for the extraction of their natural resources. Within the Australian federation, royalties are levied at the state and territory level and the revenue generated is retained by those governments. The structure and type of royalties differs dramatically across state jurisdictions although they generally fall within one of three general royalty categories:

- unit based;
- value based (ad valorem); or
- profit/income-based.

From a federal perspective, Council supports the recommendations of the recent "*Productivity Commission inquiry into horizontal fiscal equalisation.*" Recognising that Horizontal Fiscal Equalisation provides a mechanism for all Australians to benefit on a reasonably equal footing from the royalties from mining.[7]

However, from a state view, Council urges the federal government to take into account the impact of mining on local government areas, irrespective of the state the activity is based. Further, Council urges the federal government to allow the states a greater percentage of royalties for the sole purpose of providing greater funds towards those regional communities impacted by mining for critical infrastructure to support economic growth. In particular, this funding needs to be of such value that mining impacts can be mitigated to an extent that post mining legacies cannot affect the community in the longer term, and critically allow for the flourishment of business diversity and business growth.

Council provides the following case in support of this action.

Background

The NSW Government, through its NSW 2021 plan clearly articulates a desire to "Drive Economic Growth in Regional NSW" (Goal 3, NSW 2021). In order to achieve the target of an increased share of jobs in regional NSW the government identified, as a priority action, the implementation of the Resources for Regions Policy under Restart NSW funding program. The assessment of the impacts of mining in these affected regional areas is a key element to focussing on regional infrastructure and job creation in order to deliver on this goal.

[7] Productivity Commission inquiry into Horizontal Fiscal Equalisation: Government interim response July 2018

Objectives
The objective of this document is to highlight the increasing discrepancies between:

1. The purpose of the Royalties for Regions Funding;
2. The competition for funding from the broadening of the applicants away from the Councils;
3. The decreasing levels of funding in the Resources for Regions Funding;
4. The increasing burden on the Local Government Area's to provide co-funding i.e. $1 for $1; and
5. The increasing need to redefine the definition of a "regional NSW" (as highlighted above) and a greater understanding of what a "significantly mining impacted local community" is.

Purpose of the Resources for Regions Funding
The purpose of the Resources for Regions Funding is:

"To support job creation and economic growth in mining communities in regional NSW. This fund will help build infrastructure across health, water, road, education, tourism and CBC renewals to attract new business, tourists and residents.

The Resources for Regions program aims to deliver improved local infrastructure to mining-affected communities and improve economic growth and productivity in NSW.

While the mining industry makes a significant contribution to the economic prosperity of the state, the NSW Government recognises that this mining activity can place additional stress on regional communities and infrastructure.

The Resources for Regions program demonstrates a commitment by the NSW Government to support these communities through improvements to the local infrastructure they need to activate their economies such as road and rail infrastructure, water and sewerage systems and social infrastructure such as childcare centres."

We would propose that the above purpose for Resources for Regions is not consistent with the critical needs of mining impacted local communities. There are many levels of impacts on a mining community which must be taken into consideration, in which the above purpose does not entirely meet such as:

When mining first comes into a community, many numbers of jobs are created by the mining. The impacts on the community however, can be far ranging such as:

a. Lack of affordable housing, e.g. in Moranbah rents grew 400% and house prices 700% over a five year period. In certain mining impacted regions the price of, and access to housing has forced key workers to leave town, which demonstrates the adverse impacts on the community from unmanaged growth in housing markets.

b. Local businesses are impacted greatly with a shortage of skilled workers in lower paid employment cannot compete with the wages offered by mining companies.
c. There is a decline in the number of new business.
d. Major impacts of FIFO or DIDO on local infrastructure such as roads, water supply, sewerage and other services which the local councils have the burden of repairing, maintaining and replacing.
e. Increased impacts on community services and other critical services such as health and policing.
f. Competing land uses e.g. agriculture –v- mining.
g. Lack of understanding of "cumulative" impacts, particularly where there is a diverse range of major mining projects e.g. CSG, coal (underground/open cut), petroleum and mineral. These differences can include workforce profiles during construction and post construction e.g. CSG requires a major work force during construction which has massive local impacts, however post construction does not provide any local jobs.
h. The need to understand direct impacts (current mining operations in a region), the indirect impacts (the location in a region in the supply chain/economic routes).

While mining is a major contributor to the local economy, the lack of industry diversity may reduce the economy's long-term resilience once mining ends.

For example this is supported by 5.8% of employment in the Hunter being contributed to Mining, a significant difference to NSW with only 1.1% (August 2017). Mining in the Hunter continues growing, with 2,900 new mining jobs hitting the region's labour market (5years to August 2017).

Recent Mining Downturn

The recent mining downturn hit the Hunter region hard with more than 2,500 Hunter miners losing their jobs in the past three years. Cessnock LGA's unemployment rate spiked significantly since June 2012, rising more than 10 per cent to 14.4 per cent as at September 2015. The latest statistic for June 2017 is 6.6%, still remarkably above the Hunter, NSW, and Australia's figures.

Legacy Impacts – Cessnock LGA – Case Study

The discovery of coal and the opening of the coalfields, in the early 1900's raised the population of the LGA from 165 in 1901 to around 12,000 by 1926. By 1928, the Greta field in Cessnock was supplying 60% of all Australian coal production. The mines were most remarkable for their concentration in a relatively small area and equally impressive by the rapidity of their development. By the 1960's when the underground coal mines became uneconomical, emphasis shifted to open-cut mining. However, unemployment in the LGA at that time rose to around 40%.

With over 100 years of mining in the Cessnock LGA, while it is apparent that the industry is responsible for much of what is seen today there is a recognition that with this extensive period of resource extraction comes a substantial legacy.

It is well documented that mine closures are often devastating for local communities with high levels of long term unemployment, poverty, social exclusion and a decline in community resources. This is especially so in remote or regional areas where mines are the mono-industry. Owing to the high level of dependency on the mine there may be a lack of both entrepreneurial tradition and experience in a mining town. Further, due to the relative prosperity of mining towns and the support provided by the mine, local government might be less pro-active in community development than when mines are not present. This is further exacerbated that when mines close, those community members who are most able to mobilise community action and support local development, are those that are most likely to leave the town as the mines close.

Whilst previous mining leases were issued by state government subject to conditions that companies support the financing of local community infrastructure, there was little, if any, support for future social or economic outcomes that would ensure the long term economic and social resilience of LGA's.

In recent times, the new approach to mining includes a major investment by the proponent to undertake a range of studies, research and assessments for a mining activities application. These include Environment Impacts Statements, Social Impact Management Plans, Community Investment Plans, Integrated Housing and Accommodation Strategies, Traffic Management Plans, Subsidence Plans as examples of the Corporate Social Responsibility recognised and acted upon by companies. Whilst further conditions such as 'make good' provisions apply today, these plans and provisions were not part of the conditioning or requirements in the past.

As a result, the legacy of the post mining booms is the long term impacts that have curtailed the economic prosperity of the LGA, impacted the ability of the Council to cope with infrastructure requirements, as well as instigated long term negative social impacts.

A range of academia, as follows, presents substantial evidence of long term coal mining effects on the health, wellbeing and social fabric of the communities in which they operate and Cessnock LGA is no exception.

- It is evident that since the closure of many of the original mines that built the small township communities in the Cessnock LGA, there have been high levels of long term unemployment, high concentrations of people living below the poverty level, social exclusion and a decline in community resources, devastating these communities;
- The vast decline of the predominant mining industry between the 1960's to now has led to the emotional degeneration of the community, whereby Cessnock LGA has undergone a disconnect between place and work. This is causal to an occupationally constructed culture, which remains in a post-mining community, Stephenson and Wray (2005, p.179) argue that "*this process is*

accelerated by the loss of ... 'focal points of social contact', such as pubs, working men's clubs and the local shops, all of which are sites of social interaction.. the loss of community rituals ... and the celebration of industrial identity are hard felt.";

- Stephenson and Wray (2005, p.177-8) state "social exclusion, economic hardship and poor mental and physical health are all well documented manifestations of long term unemployment. Allied to social decay and the problems associated with increased antisocial behaviour, particularly ... substance abuse";

- "*One of the key problems they are forced to address is that of why the community should survive the mine it was created to serve*" (Stephenson and Wray, 2005, p.192). There is a collective loss of occupational identity, a breakdown of social fabric and this leads to long periods of economic and social decline;

- Another study, published in 2010 (Ahern, Mullett & MacKay) reported a significant association between residing in coal mining areas and the risk of low birth weight attributed to proximity to environmental contaminants, in air and water;
- Coal mining has significant occupational health risks which may include respiratory and physical disabilities;

  "*Coal mining creates a community wide health crisis due to ground water contamination and poor air quality from coal toxins*" (Apostle, O'Connell, & Vezeau 2011, p.317); and

- Apostle, O'Connell, & Vezeau (2011, p.317) cite the many health disparities that exist in the coal mining communities in West Virginia when compared to the balance of the USA, "fourth highest rate for all occurrences of cancer, the death rate from cancer is 25% higher in West Virginia than the rest of the United States and ranks second for the most cases of heart disease in [USA].

The following outlines key legacy impacts that are specific for the Cessnock LGA, however are recognised as future impacts on the whole of the Hunter Region.

Land Useability/Sterilisation / Subsidence / Environment
The affect upon many communities of mining is the rendering of reasonably large tracts of land as unusable. While remediation of land that was once open cut mine is frequent, the legacy of mine subsidence has seen a large cost in filling subsidence voids.

Open Cut Mining
Where coal seams are close to the surface and the value of the land is relatively low, open cut mining is commonly used. This type of coal mining requires the removal of the overburden (surface layers) which is followed by drilling, cutting, blasting of the coal seam and the extraction of the coal. Overburden is typically stockpiled and then

returned when the mine or area that has been mined closes. Topsoil that is removed is retained separately and used to cover the disturbed area. However, a sugar-loaf shaped hill is often left on the site as the volume of the disturbed material exceeds the volume of undisturbed material.

Underground Mining
Underground mining requires tunnels to the coal seam, to allow access for workers and machinery and the extraction of the coal. Typically in the first working of the mine, less than 50% of the coal is removed, with pillars of coal left to support the overburden. The second working of the mine is the removal of some of the pillars and more coal, whilst this increases the percentage of the coal extracted, it also increases the extent of subsidence. The pillars of coal that are left are expected to support the overburden. However, due to there often being considerable variation in the geology above and below the coal seams, it is extremely difficult to predict the ability of the pillars to support the overburden and in what time frame.

Subsidence
One principal surface impact of underground coal mining is subsidence. The extent and severity of subsidence within a mined area will depend on local conditions and the proportion of the seam mined. However, it is the impact on other activities that creates issues such as the ability for the land to continue pre-mining undertakings such as agricultural pursuits as well as impacts on roads, transport, urban development, floodwater distribution, the incidence of waterlogging and the preserving of values such as water supply security and flowing streams that must be taken into consideration. Cessnock LGA has suffered all of these impacts over the years with the collapsing of roads, houses, large tracts of land and contamination making land unusable.

Subsidence is an inevitable consequence of mining, however, the issue is not that mine subsidence will occur, but rather, to what extent the impact of the subsidence will be.

Most of the Cessnock LGA's identified priority growth areas have abandoned mine workings beneath them. Unless subsidence is addressed, the potential for growth and development may be limited.

According to the Property Council, costs of site remediation can be up to $2million,[i] however, mine subsidence must be a priority issue, not only to mitigate legacy impacts, but to ensure future LGA economic growth, community prosperity and community resilience, which are the key objectives of the Resources for Regions funding programme.

Environment
Many mining projects affect not just local communities, but areas of state and national environmental significance. An example of this impact is the massive subsidence in the Sugarloaf Conservation Area, where cliff faces crumbled or

collapsed, waterways destroyed, large cracks opening in the earth and a huge collapse of a hillside.

Whilst mining proponents are required to plan environmental offsets, there is still much debate whether offsets of protecting one area in exchange for destroying another is equitable.

There must be a cost/benefit balance between the immediate economic benefits of a project and the long term costs of environmental damage and destruction of areas of native habitat.

Post Mining Community Resilience – Intergenerational Equity
Natural resources are publicly owned property of both current and future generations of the people of NSW. Resource royalties may be considered a usage-based payment or tax to the State in exchange for granting a lessee - the operator of an exploration or mining license - a *right* to use their property. Payment of an agreed amount of revenue to the owner for this *right,* is generally based on either a certain amount per tonne, or a percentage of the value of production, or on profits generated.

The intergenerational equity notion proposes that care must be taken to ensure that Resources for Regions is sustainable in every sense so as not to deprive future generations who effectively own the resource, from sharing in the benefits of NSW's current royalties. There is an obligation on the State to largely transform that royalty stream into publicly owned assets that will provide benefits for current and future generations, particularly in regional areas of NSW.

Exploring this concept a little further, royalties reflect a return on a non-renewable resource or a stock of wealth that is held by the community as a whole. The stock of wealth of the State is for now and all generations and includes physical capital, infrastructure natural resources and the like. When part of that stock is depleted there should be a requirement to counter balance the decline in the total stock so as not to deprive future generations from sharing any benefits. If one generation is to treat the next equitably, then there is an obligation that when we consume wealth in one form or another, it is replaced by another stock of equal value ensuring that the aggregate value passed on from one generation to the next does not diminish.

The intergenerational sustainability goal must be taken into consideration to ensure that royalties from mining must be provided to ensure future generations are supported with opportunities to prosper.

Purpose of the Funding
In conclusion to the above, the purpose of the funding of Resources for Regions funding does not meet the real needs of significant mining affected regions.

Competition for Funding
Originally there were only eight Council areas across NSW that could apply for Resources for Regions Funding. On 27 May 2014, an announcement was made by the NSW Deputy Premier and Minister for Regional Infrastructure and Services, Andrew Stoner to increase that number to eleven communities.

However, this has since changed, with an announcement on 18 December 2015, wherein the NSW Deputy Premier John Barilaro making NSW agencies ineligible to apply for funding. Although it is noted, that with the state projects not being eligible there was an immediate drop in the amount of funding levels in the Resources for Regions pool. There was also a change in the eligibility criteria with all Council across NSW being eligible to apply.

Discrepancy between the contribution of Mining in the Hunter Region & NSW to Resources for Regions Funding Levels
As at December 2016, the Mining sector contributes $11.151 Billion (11.8%) of total output in the Hunter Region and $27.032 Billion (2.5%) of total output in NSW.

There appears to be a major discrepancy in the amount of funding provided by the NSW Government for significant mining impacted communities, for example in 2015/2016 a nominal amount of only $32 million was available in the Resources for Regions Funding, which equates to only 0.118% of the output of the mining sector NSW. In 2017/2018 funding from the Resources for Regions was only $50 million or 0.184%. Further, we note that in 2012-13 the intent for the Resources for Regions program was to allocate up to 3% from the Restart NSW Pool to mining affected communities.

We believe the NSW Resources for Regions fund should firstly be more aligned to the Western Australian State Royalties for Regions. We do note that NSW does not enjoy the royalties on the same scale in order to support mining affected communities. This is particularly so to:

- support businesses already existing in mining communities to, in the least, retain the business they operate, with the same staffing levels;
- support businesses in the region to diversify to take on potential opportunities the mining sector provides, whilst maintaining their current business; and
- attract new business to the region.

Recommendations:

1. The funding for Resources for Regions ceases to be resourced by Restart NSW which is from the sale of assets. Resources for Regions should have its own dedicated funding stream aligned with the royalties of the resource sector in NSW and its true purpose and objectives.
2. Secondly, it is abhorrent to struggling regional councils and their ratepayers impacted by mining directly, indirectly and with legacy impacts to provide $1 for $1 funding towards critical projects to mitigate mining impacts that have been foisted upon them. Resources for Regions funding should not require any co-contribution for the LGA region impacted by mining.

Business Investment Attraction

Business investment attraction to regions is vital for the continuing prosperity of regional areas.

There are many constraints to growth in Cessnock LGA relating to lack of ongoing levels of investment in critical infrastructure.

How do you attract businesses and industry (and subsequent jobs) to establish which support regional growth and economic development when:

- Township presentation is poor?
- Essential services are lacking?
- Governments continue retracting or merging services and reducing presences and subsequent jobs in regional centres? Eg. Service NSW, Medicare/Centrelink.
- Public transport is extremely limited?
- Critical utilities and connections are missing? Eg. Power, water, sewer
- Basic infrastructure backlogs are significant? Eg. Roads
- Industrial and commercial lands are non-existent or inappropriate for purpose?
- Governments refuse to maintain or expand in demand, essential services? eg. Healthcare
- There are significant internet, phone and mobile black spots?
- Skills shortages are rampant after successive industry retractions?
- Socioeconomic disadvantage, high unemployment, and youth unemployment leave communities devastated?

Addressing these critical shortfalls through appropriate funding mechanisms of Royalty for Regions funding, would make serious headway in responding to some of the issues that are emerging across mining affected Regional Australia, and support providing positive catalysts for the attraction and diversification of business.

However, there is indeed much that the Commonwealth can provide that would encourage greater corporate decentralisation to regional areas such as:

Incentives:

a. payroll tax reductions;
b. cash rate loans for purchasing of buildings and renovations;
c. easily accessible funding grants towards relocation costs;
d. higher R&D tax-offsets if undertaken in a regional centre;
e. tax-offsets for employee relocation costs;
f. contributions towards salaries in the first 12 months post relocation to each employee, hired from the host community;
g. Increased funding to the host community for local skill development.

Access to funding/business support:

a. Major banks in regional areas have business banking specialists in industry areas such as agribusiness and manufacturing. The Commonwealth could provide support to local entities such as Chambers of Commerce, Business Enterprise Centres and industry associations located in regional areas for the provision of meeting rooms and hot desks for such specialists to use for financing as would be available in major capital centres.

b. In most regional areas there are very strong and pro-active business support services provided by such entities as Chambers of Commerce. Federal funding for these entities to attract experts to visit on a regular basis from cities to provide one-on-one advice and mentoring to local businesses could be implemented. An example of this, is the successful Western Downs Regional Council's "Western Downs Innovation Advisory Service" that provided access to tax, marketing, WH&S, Intellectual property, research, exporting specialists that would visit on a fortnightly and/or monthly basis with the local Council's economic development setting up appointments for the local businesses.

Infrastructure:

For the success of economic zones and the attraction of businesses that would enable sustainable growth and development in mining affected regional areas is investment into efficient and appropriate infrastructure. Responding to growth will require long-term, incremental improvements in capacity, safety, asset condition and resilience of road, rail and air transport infrastructure, particularly along key transport corridors. It is essential that there be a commitment for the continuation of a longer term outlook on infrastructure priorities to support regional growth and prosperity.

A partnership approach with all three levels of government to mitigate mining impacts in the longer term is vital, particularly the local government. This partnership would utilise:

a. the local knowledge that would identify the infrastructure needed to support and further encourage growth in that particular economic zone;
b. jointly improve the way existing infrastructure is managed; and
c. provide an agreed pipeline of targeted investment to deliver infrastructure where and when it was needed.

Information Communication Technology Infrastructure:
The NBN has not brought high speed internet access to all parts of Australia. It has been rolled out, yet fails to deliver on its promise, it cannot support growth or quality of life in Cessnock LGA as it has been delivered, and even under proposed further rollout.

Regional centres in Australia including Cessnock LGA has many homes and businesses in existing service areas told they must wait for a position to open up on their exchange to access broadband. The demand is so high for these services, that customers are repeatedly turned away by providers. Some areas in Newcastle complain of having their copper wire removed in place of new fibre to the node, as this wasn't world class technology. In Cessnock LGA, many homes and businesses would be grateful to have had the opportunity to have copper wire and an exchange with the correct number of nodes!

Further, entire new housing estates are shirked by internet providers, having to wait up to 3 years for an internet connection to their homes because their area is already on the proposed NBN rollout (despite repeat pushbacks of implementation). These areas support growing populations and can absorb more growth. They have attracted investment by business owners who cannot work from home in this changing economy. Families are missing out on vital online connections which reinforce their engagement within their communities - to their local school, community groups, education and social networks.

The cost of accessing broadband in regional Australia is already higher than that in metropolitan centres. Mobile networks conflict with each other, and fail in peak periods.

Cessnock LGA post mining is very much reliant on the visitor economy to retain jobs, however, Hunter Valley Wine Country businesses report not being able to take eftpos transactions during high volume concerts and events due to the number of visitors accessing social networks putting strain on existing mobile internet. Satellite and mobile based internet solutions are not only extremely cost prohibitive, they are ineffective and not competitive with speeds offered by fixed broadband elsewhere. Even ADSL performs better in some areas of Cessnock LGA.

Solution: High speed broadband 'Bridges':
Where the NBN failed to leverage private investment, a possible solution to regional Australia's connection dilemma can be in installing effective technology to beam signals.

Wireless bridges have been shown to be extremely cost effective and are routinely utilised in rural, outback and regional Australia allow internet signals to be beamed for up to 50 kilometres. The wireless bridges need line of sight for fast speeds.

The high profile case of Mr Saffioti who installed a wireless bridge, beams NBN about 12 kilometres from Kiama to Oak Flats, and then another three to Haywards Bay. The link has been reported to run efficiently, with regular download speeds of about 70mbps down and 35 up. Total cost of the project: about $1000[8].

Regional WA companies have reported using wireless bridges to beam internet services to remote locations where it is not feasible to run fibre.

Education, Training and Skills
Businesses are experiencing workforce issues as a result of a number of factors, one major one being the decline of traditional industries and in the resource sector economy in the Region. Workers have been displaced from prominent employers within the region, with closures and contractions of local mines, as well as closures of significant employers such as Hydro Aluminium smelter.

The fastest growing and most prominent industry within the Cessnock LGA is currently the tourism sector. The transition into other industries, particularly from blue collar jobs to service roles can be a challenging and incongruent process. Generational challenges associated with disadvantage and lack of foundation skills can mean some unemployed are harder to place in available jobs. The aim is for a workforce that is sustainable for the region in the short term in relation to the resource sector's growth and, in the longer term, for a sustainable workforce for a thriving region.

The lack of foundation employability skills amongst unemployed locals in the Hunter Region often means that they cannot compete for local jobs, particularly in hospitality opportunities presented in Hunter Valley wine regions. The literature and research trends indicate that a general upskilling in soft skills is required across the board resulting in:

- Transferable skills

[8] https://www.lifehacker.com.au/2017/01/no-nbn-in-your-street-just-set-up-a-wireless-bridge/

- Basic skills (numeracy/ literacy)
- Soft skills and customer service
- Leadership and business skills
- Strong socialisation and communication skills
- Strategic skills
- Work ethic
- ‘Life experience’ skills

The Department of Employment’s Skills Shortage Research provides that many unsuccessful applicants lacked communication skills. Another survey of Employers’ Recruitment Experiences found a range of employability skills and personality traits are viewed by employers as essential. Employability skills commonly considered essential included:

- Interpersonal Skills
- Basic Computer Skills
- Customer Skills
- Communication
- Personality Traits commonly considered essential included:
- Attitude and adaptability
- Reliability
- Presentation
- Work ethic

Studies have shown classroom training has mixed outcomes and successful training for employment prospects, occurs with a compounding effect over time. Currently skills training and general education may offer one off opportunities to learn such soft or transferable skill sets which is not supportive of long term successful employment outcomes. There needs to be an emphasis on building a labour force with ‘transferable skills’ – that is, skills that can adapt to changes within the industry of employment as well as across diverse industries. As a general, traditional industries are moving away from needing low skilled workers to workers with higher technical, design, IT and marketing skills. Research supports that access to productive and rewarding jobs improves as the level of education increases.

Within Cessnock LGA there is high demand for skill level 1 and 2 employees (degree or advanced diploma), but very low supply. Conversely, there is very high supply of low skilled workers, and low demand. What this means is that the level of competition for low skilled jobs is very high, with employers having a high degree of choice of candidates. Candidates from a lower socio-economic background, who may lack some of the foundation skills, therefore find it very difficult to secure work. If you happen to be a candidate in skill level 1 or 2, the opposite is true, and you will potentially have the choice on what position you will take, dependant on the salary and benefits offered to you by employers.

Therefore, there are varying means to increase the skills levels within a regional centre such as the Cessnock LGA through:

1. Implementing connections to all national and international tertiary and education facilities via broadband connectivity and access in regional areas that is enjoyed in major centres. In today's technological environment capability there is no requirement for physical infrastructure to provide education and skills training to any regional centre;
2. Any practical skills training for example trades, requires access to efficient and reliable public transport;
3. Attraction and provision of skilled workers and job opportunities from relocated decentralised Commonwealth entities, functions and corporates.

Recommendation:
That the Federal Government recognises the impact of mining on local government regional areas, irrespective of the state or territory the activity is based, to allow states or territories a greater percentage of royalties under the Horizontal Fiscal Equalisation, for the sole purpose of providing significant and adequate funds for those regional communities impacted by mining. That these funds be for the purpose of critical infrastructure to support economic growth. Further, that this funding be of such value that post mining legacy impacts cannot affect the community in the longer term, and critically allows for the flourishment of business diversity and business growth

CONCLUSION

Only a rigorous program jointly supported by all three levels of government that actively seeks to support mining affected regional areas for long term economic outcomes will be effective in mitigating negative impacts of mining.

Through providing adequate funding to mine related regional areas will have the effect of achieving long term business investment and growth.

Councils recommendations believe that if implemented, will overcome many barriers faced, not just by businesses, but communities in mining affected regional areas. Further, Council believes that these changes would positively influence productivity outcomes that will improve the economic wellbeing and prosperity of regional areas and contribute significantly to the State and National productivity objectives.

Regionally, we are at risk of losing competitive advantage without considering an integrated approach to strategic decisions for building regional economic resilience and productivity measures post the extraction of natural resources and into the era of embracing renewable energy sources.

Our Cities, Our Future[9], the national urban policy for a productive sustainable and liveable future, outlines that an integrated approach must be taken by the Australian Government, State, Territory and local governments, business and the community to plan and manage communities to deliver prosperity. This policy discusses how urban and regional areas can reap increased productivity where knowledge, businesses and markets are connected and how economic and human capital are utilised. There is clear Australian Government Policy support for achieving maximum amenity and liveability within communities to attract visitors and residents to regional areas as well as business diversity in those regional areas impacted by mining.

[9] Department of Infrastructure and Transport. Commonwealth of Australia 2011. Accessed *https://www.infrastructure.gov.au/infrastructure/pab/files/Our_Cities_National_Urban_Policy_Paper_2011.pdf*

Summary of Recommendations

a. The appropriateness of the payment terms offered to businesses by the mining sector; and

a. The role of mining equipment, technology and services (METS) organisation in R&D and innovation and how payment terms impact on companies' ability to invest in these areas.

Recommendations:

1. That is be legislated that any supplier to the mining sector that meets the accepted definition of a small to medium sized enterprise must have a maximum payment term of 30 days. Any breach by the mining sector to incur - Substantial financial penalties, without the right of appeal;
2. All legal costs to be borne by the mining company; and
3. Cancelled contracts by the mining sector of the SME's due to any payment complaints by that SME, incur full payout of the existing contract irrelevant of whether goods and services are provided by that SME.

b. Best practices between the mining sector and businesses, especially in regards to how they can support regional communities and economies.

Recommendations

1. That cumulative impacts are taken into consideration, in the development and implementation of regional strategies for the long term sustainability and resilience of the region taken into consideration;
2. That funding from projects in a region be combined in amounts that will mitigate negative impacts on local businesses and communities in the long term, and critically to the level that will support mitigation of post mining legacy impacts.

c. Barriers to the greater use of regional businesses in the procurement of services by the mining sector.

d. Building the skills and expertise of businesses to leverage opportunities in the mining sector.

e. Opportunities for businesses to diversify to other markets; including the mining industry in Australia and overseas and across different industries.

Recommendations:

1. That "Local" procurement be defined in levels for the purposes of mining projects, with the first level being the local government area being the primary level for procurement consideration. This Local procurement be reported to both local and state government and state government to ensure clear

transparency that proponents are supporting "local" businesses. That the mining sector contribute to an education and training fund that funds local small businesses to undertake and acquire critical support that enables them to be mining sector supplier competent and capable.

2. The standards set for this level of education and training, must include such 'recognised' competencies that would allow these small businesses to provide their goods and services to other markets, including the mining industry across all Australia and overseas, and across different industries.
3. Training provided must also include planning to understand cash flow and what alternative measures businesses can put in place to counter extended payment terms or delays in payment, whether contracted to the mining sector or not.
4. This small business education and procurement ready fund needs to be financially able to provide support for an acceptable number of businesses within the local region of the mining project.
5. Further, these small local businesses must be given first offer to provide their goods and services to the mining sector in their region. In addition, it must be stipulated in the EIS that an accepted percentage of "local" businesses MUST be provided with procurement opportunities.

b. How the Federal Government can support businesses in regional economies benefit from mining development.

c. How royalties are shared between landholders on gas fields and State and Territory Governments.

Recommendations:

1. The funding for Resources for Regions ceases to be resourced by Restart NSW which is from the sale of assets. Resources for Regions should have its own dedicated funding stream aligned with the royalties of the resource sector in NSW and its true purpose and objectives.
2. Secondly, it is abhorrent to struggling regional councils and their ratepayers impacted by mining directly, indirectly and with legacy impacts to provide $1 for $1 funding towards critical projects to mitigate mining impacts that have been foisted upon them. Resources for Regions funding should not require any co-contribution for the LGA region impacted by mining.
3. That the Federal Government recognises the impact of mining on local government regional areas, irrespective of the state or territory the activity is based, to allow states or territories a greater percentage of royalties under the Horizontal Fiscal Equalisation, for the sole purpose of providing significant and adequate funds for those regional communities impacted by mining. That these funds be for the purpose of critical infrastructure to support economic growth. Further, that this funding be of such value that post mining legacy impacts cannot affect the community in the longer term, and critically allows for the flourishment of business diversity and business growth.